

Message Text

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ACTION AF-06

INFO OCT-01 NEA-09 ISO-00 EB-07 COME-00 /023 W
----- 072115

R 180959Z APR 75
FM AMEMBASSY PRETORIA
TO SECSTATE WASHDC 1731
INFO AMCONSUL CAPE TOWN
AMCONSUL CASABLANCA
AMCONSUL DURBAN
AMCONSUL JOHANNESBURG

C O N F I D E N T I A L PRETORIA 1377

CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: GDS
TAGS: PFOR, ETRD, EAIR, SF, US
SUBJ: SAFAIR

REF: (A) STATE 081595
(B) STATE 060870
(C) PRETORIA 824

1. SAFAIR DIRECTOR ANTON LOMBARD PROVIDED EMBOFFS WITH FOLLOWING
BREAKDOWN SAFAIR PERFORMANCE LAST TWO FINANCIAL YEARS WITH
PROJECTIONS THROUGH 1980. HE EXPLAINED THAT WHERE FIGURES DIFFER
SLIGHTLY FROM THOSE PROVIDED IN PAST, EMBOFF SHOULD ACCEPT THIS
ACCOUNTING WHICH PREPARED FOR ANNUAL SAFAIR DIRECTORS MEETING TO
BE HELD 18 APRIL.

ACTUAL:

FINANCIAL YR ENDING 31 MAR 74: TOTAL 5.6 MILLION TON-KILOMETERS
FINANCIAL YR ENDING 31 MAR 75: LOGAIE 3.3 MILLION TON-KILOMETERS
CIVIL 30.1 MILLION TON-KILOMETERS

PROJECTIONS:

FINANCIAL YR ENDING 31 MAR 76: LOGAIR 12.0 MILLION TON-KILOMETERS
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CIVIL 63.7 MILLION TON-KILOMETERS

FINANCIAL YR ENDING 31 MAR 77: LOGAIR 12.0 MILLION TON-KILOMETERS
CIVIL 85.0 MILLION TON-KILOMETERS

FINANCIAL YR ENDING 31 MAR 78: TOTAL 145.5 MILLION TON-KILOMETERS

FINANCIAL YR ENDING 31 MAR 79: TOTAL 218.2 MILLION TON-KILOMETERS

FINANCIAL YR ENDING 31 MAR 80: TOTAL 327.3 MILLION TON-KILOMETERS

2. SPECIFIC CONSIDERATIONS USED BY COMPANY TO PREDICT GROWTH DURING CURRENT FINANCIAL YEAR INCLUDE CONTRACTS ALREADY IN HAND WITH ALASKA INTERNATIONAL AND ZAMBIAN MINING COMPANIES AND ANTICIPATED 100 PERCENT INCREASE IN INTERNAL FREIGHT SERVICES OPERATED ON BEHALF SAA. ELABORATING ON THIS, LOMBARD SAID THAT TWO SAFAIR AIRCRAFT OPERATING UNDER DRY LEASE TO AIA WILL CONTINUE OPERATE THROUGH YEAR AND THAT HAULAGE FIGURES FROM THIS OPERATION INCLUDED IN SAFAIR PROJECTIONS. ALSO, HE DISCLOSED CONTRACT ARRANGEMENT WITH ZAMBIAN COPPER MINING GIANT, ROAN SELECTION TRUST, TO HAUL MINING MATERIALS TO ZAMBIAN COPPER BELT. HE EXPECTS SIMILAR AGREEMENT WITH THE OTHER COPPER BELT MINING FIRM, ANGLO AMERICAN. OTHER COMPONENT IN 76 PROJECTION IS EXPECTED 100 PERCENT PLUS INCREASE IN FREIGHT SERVICES FOR SAA--ARRANGEMENT SAA HAS BEEN SEEKING FOR SOME MONTHS BUT WHICH SAFAIR UNABLE ACCOMMODATE DUE TO SHORTAGE OF AIRCRAFT. INCREASE IN PROJECTED LOGAIR HAULS IN THIS FINANCIAL YEAR DUE ENTIRELY TO NEW CONTRACT WITH SOUTH AFRICAN GOVERNMENT TO HAUL PARTIALLY ASSEMBLED MIRAGE AIRCRAFT FROM FRANCE TO SA. LOMBARD'S PRESENTATION TO US SHOWED NEVERTHELESS LOGAIR RATIO WELL BELOW 70 CIVIL-30 LOGAIR DIVISION WE HAD ESTABLISHED.

3. SPECIFIC CONSIDERATIONS USED BY COMPANY TO PREDICT 1977 GROWTH INCLUDE EIGHTEEN MONTH CONTRACT NOW BEING NEGOTIATED TO SUPPORT CONSTRUCTION OF AN OIL REFINERY IN A WEST AFRICAN STATE. LOMBARD DECLINED IDENTIFY COUNTRY BUT SAID THAT SAFAIR WILL BE HAULING EQUIPMENT FROM EUROPE TO WEST AFRICA UNDER THIS CONTRACT. HE ALSO SAID SAFAIR EXPECTS BE IN POSITION EXPORT CAPITAL EQUIPMENT AND INDUSTRIAL EQUIPMENT TO EUROPE AND NEIGHBORING STATES. IT IN THIS SPHERE, HE ASSERTED, THAT MAJOR PORTION SAFAIR'S WORK WILL BE FOUND. COMPANY OFFICIALS OPTIMISTIC THAT OPERATION
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OF AIRCRAFT INTO ZAMBIA, CAR, AND WEST AFRICA WILL ASSIST IN
OPENING THIS MARKET.

4. LOMBARD POINTED OUT THAT PROJECTIONS FROM 1978 THROUGH 1980 MORE SPECULATIVE BUT BASED ON ANTICIPATED GROWTH RATE OF 50 PERCENT ANNUALLY WHICH HE BELIEVES TO BE CONSERVATIVE. ALTHOUGH COMPANY DOES NOT HAVE BREAKDOWN IN LOGAIR/CIVIL HAULAGE FOR THESE YEARS, LOMBARD SAID TOTAL LOGAIR NOT EXPECTED RISE MUCH BEYOND 12

MILLION TON-KILOMETERS PROJECTED FOR 1976 AND 1977 AND, IN ANY CASE, WILL REPRESENT DECLINING PROPORTION OF TOTAL.

5. IN ADDITION ABOVE, LOMBARD AGAIN EXPLAINED THAT SAFAIR IN VARIOUS STAGES OF PLANNING/NEGOTIATING AGREEMENTS WHICH WILL RESULT IN SIGNIFICANT INCREASE IN INTERNATIONAL (MANILY AFRICAN) BUSINESS BUT THAT POLITICAL AND PROPRIETARY INTERESTS PRECLUDE PREMATURE DISCLOSURE OF DETAILS. HE THEN WENT ON TO SAY, IN CONFIDENCE, THAT ONE DISTINCT POSSIBILITY IS FORMATION OF NEW COMPANY IN NEIGHBORING STATE WHICH WOULD BE 50 PERCENT OWNED BY SAFAIR AND 50 PERCENT BY AIA. HE SAID HE HAD ALREADY BEGUN TALKS WITH AIA PRESIDENT BERGT TO THIS END AND THAT BERGT INTERESTED. OBJECT WOULD BE TO PROVIDE AIR FREIGHT SERVICES INTO AFRICAN COUNTRIES WHICH SAFAIR, FOR POLITICAL REASONS, UNABLE TO FLY INTO. AIRCRAFT WOULD BE WET-LEASED FROM SAFAIR. LOMBARD POINTED OUT AGAIN THAT SAFAIR HAS ONLY L-100'S ON CONTINENT AND THAT AFRICA, WITH ITS LACK OF INFRA-STRUCTURE AND GOOD AIRFIELDS, PROVIDES LARGE AND UNTAPPED MARKET FOR COMMERCIAL AIR CARGO COMPANY WHICH CAN MOVE ECONOMICALLY PERISHABLES, CAPITAL AND ELECTRONIC EQUIPMENT AND SIMILAR ITEMS.
EDMONDSON

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